

## Message Text

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14

ACTION EB-11

INFO OCT-01 NEA-10 ISO-00 COME-00 TRSE-00 SCEM-02 SCI-06

OMB-01 INT-08 EUR-25 CIAE-00 DODE-00 PM-07 H-03

INR-10 L-03 NSAE-00 NSC-10 PA-04 RSC-01 PRS-01 SPC-03

SS-20 USIA-15 ACDA-19 IO-14 STR-08 DRC-01 /183 W

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R 120830Z NOV 73

FM AMEMBASSY NICOSIA

TO SECSTATE WASHDC 7963

C O N F I D E N T I A L NICOSIA 2300

E.O. 11652: GDS

TAGS: ENRG, ETRN, EIND, CY

SUBJECT: CYPRUS: OIL SUPPLY

REF: STATE 219469

1. SUMMARY: THE THREE PETROLEUM MAJORS WHICH IMPORT CRUDE FOR REFINING AND DISTRIBUTION IN CYPRUS HAVE REVERSED DECISION TO REDUCE IMPORTS UNDER PRESSURE OF GOC THREAT TO REASSESS THEIR STATUS IN CYPRUS AND INITIATE DIRECT GOVERNMENT IMPORTS OF SOVIET CRUDE. SOVIETS RESPONDED IMMEDIATELY TO GOC INITIAL QUERY WITH OFFER TO SUPPLY CRUDE AND ADDITIONAL DIESEL FUEL. GOC, IN VIEW OF SUBSEQUENT ASSURANCES OF CONTINUED FULL SUPPLIES FROM WESTERN COMPANIES,DECLINED SOVIET OFFER OF CRUDE FOR BALANCE 1973 BUT LEFT DOOR OPEN FOR 1974 AND ACCEPTED DIESEL FUEL OFFER. END SUMMARY.

1. COMMERCE AND INDUSTRY MINISTRY DIRGEN (ELIADES), IN NOV 9 CONVERSATION WITH ECONOFF,SAID THAT THE THREE INTERNATIONAL PETROLEUM MAJORS OPERATING IN CYPRUS (MOBIL, ESSO AND SHELL) HAVE AGREED UNDER FIRM GOC PRESSURE TO MAINTAIN CRUDE OIL SUPPLIES AT CURRENT LEVELS FOR IMMEDIATE FUTURE. HE EXPLAINED THAT THE THREE (ONLY SHELL UNDER CORPORATE INSTRUCTIONS) INFORMED GOC SEVERAL DAYS AGO THAT  
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SUPPLIES TO THE CYPRUS PETROLEUM REFINERY WOULD HAVE TO BE

REDUCED IMMEDIATELY AND REQUESTED GOC TO INITIATE FUEL RATIONING OR CONSERVATION PROGRAM. COMMERCE MINISTER RESPONDED THAT SUCH AN ACTION WOULD FORCE GOC TO "REASSESS ITS RELATIONSHIP WITH AND THE STATUS OF THE INTERNATIONAL COMPANIES" AND INITIATE DIRECT GOVERNMENT IMPORTS OF CRUDE FROM THE SOVIET UNION AND LIBYA. AFTER REQUESTING INSTRUCTIONS FROM CORPORATE HEADQUARTERS, THE THREE COMPANIES INFORMED GOC THAT THERE WOULD BE NO IMMEDIATE REDUCTIONS BUT AGAIN PRESSED FOR FUEL CONSERVATION, WHICH ELIADES CONSIDERS FUTILE, IMPRACTICABLE AND UNWARRANTED FOR CYPRUS

3. BETWEEN THE FIRST AND SECOND DISCUSSIONS WITH THE COMPANIES (A PERIOD OF LESS THAN 48 HOURS) COMMERCE MINISTER ASKED SOVIET AMBASSADOR IF SOVIET CRUDE COULD BE MADE AVAILABLE IMMEDIATELY. SOVIETS RESPONDED WITHIN HOURS OFFERING IMMEDIATE SHIPMENTS OF CRUDE AND ADDITIONAL SHIPMENTS OF DIESEL FUEL WHICH GOC ALREADY IMPORTS FOR POWER GENERATION. IN VIEW OF OIL COMPANIES ASSURANCES, MINISTRY TOLD SOVIETS CRUDE OIL WOULD NOT BE REQUIRED FOR THE REMAINDER OF 1973, BUT IT ACCEPTED THE OFFER OF ADDITIONAL DIESEL FUEL.

4. IN THE COURSE OF DISCUSSIN, ELIADES MADE IT CLEAR THAT GOC WAS FULLY PREPARED TO INITIATE DIRECT IMPORTS OF SOVIET CRUDE IN 1974 IF THE INTERNATIONAL COMPANIES DID ACT TO REDUCE THEIR CRUDE IMPORTS. HE EMPHASIZED THAT CYPRUS' POLICY IN THE RECENT MIDEAST WAR HAD BEEN ONE OF SUPPORT FOR THE ARABS AND THAT THE GOC SAW NO REASON WHY CYPRUS SHOULD SUFFER BECAUSE OF ARAB ATTEMPTS TO REDUCE SUPPLIES TO SOME COUNTRIES. HE NOTED THAT THIS THEME WOULD BE TAKEN UP BY LEFT-WING PARLIAMENTARIANS SHOULD SUCH REDUCTIONS BE FORCED ON CYPRUS. ELIADES CONCLUDED THAT ANY SAVINGS OF CRUDE AS A RESULT OF REDUCTIONSIN CYPRUS WOULD BE NEGLIGIBLE ANYWAY.

5. EMBASSY WILL CHECK WITH MOBIL FOR ITS VERSIONOF THESE EVENTS AND REPORT SOONEST

6. COMMENT: ELIADES VOLUNTEERED THIS INFORMATION IN THE COURSE OF A CONVERSATION ON OTHER SUBJECTS. HE WAS SURPRISED THAT THE TWO U.S. COMPANIES IN CYPRUS HAD NOT ALREADY ADVISED US OF THESE DISCUSSIONS WITH THE GOC. HE WAS VERY CONFIDENTIAL

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CLEARLY TAKING THE OPPORTUNITY TO INFORM THE USG THAT THE CURRENT STATUS OF MOBIL AND ESSO IN CYPRUS WOULD CHANGE REPIDLY IF CRUDE IMPORTS WERE CURTAILED. HE ALSO EMPHASIZED THE EAGERNESS OF THE SOVIETS TO COME TO THE RESCUE OF AN IALAND TOTALLY DEPENDENT UPON IMPORTED PETROLEUM AS AN ENERGY SOURCE.  
GRANT

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** PETROLEUM, SUPPLIES, IMPORTS, BOYCOTTS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 12 NOV 1973  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** morefirh  
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**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
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